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REPORT

OF THE

BOARD OF MANAGERS,

OF THE

Lehigh Coal and Navigation Company,

TO

THE STOCKHOLDERS.

JANUARY 9, 1843.

PHILADELPHIA:

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1843.

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At an election held on the 9th of January, 1843,
the following named persons were chosen officers of
THE LEHIGH COAL AND NAVIGATION COMPANY, for
the ensuing year:—

PRESIDENT.

JOHN COX.

MANAGERS.

Josiah White,
ERSKINE HAZARD,
TIMOTHY ABBOTT,
THOMAS EARP,
JAMES McALPIN,

HENRY COPE,
JAMES Cox,
CALEB COPE,
WILLIAM PARKER,
BENJAMIN REEVES.

TREASURER.

OTIS AMMIDON.

EDWIN WALTER,
Secretary.

At the Stated Annual meeting of the Stockholders
of *The Lehigh Coal and Navigation Company*, held
January 9, 1843 :—

THOMAS P. COPE, *Chairman*;

A Report and other documents from the Board of Managers, exhibiting the transactions of the past year, and the present condition of the Company's affairs, having been received and read, the following resolutions were adopted by the meeting:—

RESOLVED, *That the Report just read be approved, and that the Board of Managers be instructed to publish the same, or such parts thereof and such additional matter, as the Board may deem expedient, for the information of the Stockholders.*

RESOLVED, *That the application to the Legislature, and the proceedings of the Board of Managers under the act obtained, authorizing the Board to place under trust the property of the Company, meet the entire approbation of the meeting; and that the thanks of the Company be presented to the Board of Managers, for the able manner in which the affairs of the Company have been conducted, under circumstances requiring great exertion and responsibility.*

THOMAS P. COPE, *Chairman*.

EDWIN WALTER, *Secretary*.

REPORT.

THE BOARD OF MANAGERS OF THE LEHIGH COAL AND NAVIGATION COMPANY, beg leave to submit to the Stockholders the following Report:—

The administration of the affairs of this Company during the past year has been an arduous task. At the last annual meeting of the Stockholders, the damages occasioned by the great flood of January, 1841, had been repaired from the mouth of the Lehigh, to Mauch Chunk; but the heaviest portion of the work, that on the upper section of the river, remained to be accomplished. The funds obtained, by repeated appeals to the Stock and Loanholders, and from the coal business of the short preceding season, had been exhausted “in the repairs of the lower section, in the discharge of *some* of the most pressing debts, and in the payment of interest on the loans as it had fallen due.” Impatient creditors had obtained judgments, the execution of which upon the property of the company could only be temporarily delayed, and other suits were threatened. “Finding themselves unable, from the unexampled difficulty and pressure of the times, to borrow the money necessary to complete the repairs of the works, and

satisfy the pressing demands upon them, the Board of Managers were urged, by a sense of imperative duty to the Loanholders and Stockholders, to apply to the Legislature for authority to place under trust by mortgage all the property of the Company, as the only course left to them, by which they could preserve the value of the great work intrusted to their care;" and the publication of the Annual Report was delayed for the purpose of appending to it the result of that application.

This forming a very marked epoch in the history of this Company, the Managers refer to their circulars of the 10th and 28th of March last, herewith submitted, the first of which was subjoined to the last Annual Report, announcing that the application to the legislature had been successful, and that, "under the authority vested in them, and with the advice and direction of eminent counsel, the Board of Managers have executed a conveyance of all their property and estates, including their corporate privileges and rights, to the trustees for the purposes named in said act;" under which trust the affairs of the Company are now conducted.

By this salutary measure, the immense property of the Company, and a great public work, affording employment and subsistence to thousands, have been rescued from sacrifice and dispersion, and the interests of a multitude of creditors of all ages and conditions of life, saved from destruction.

The Managers regret that the exigencies of the Company, requiring the application of all their funds to ob-

jects which could not, without ruinous consequences, be neglected, have placed them under the necessity of suspending the payment of interest on the *general loans*, and have compelled them to resort, as the only means in their power of satisfying the creditors under the *mortgage loan*, to the expedient of furnishing to them *coal*, instead of cash, for their quarterly interest.

This will create no surprise, when it is considered, that, for the discharge of judgments and liens upon the Company's property, for the repair of the upper section of the Navigation, and for the prosecution of the coal business, the sole reliance of the Board was upon the internal resources of the company: for, though it was clearly foreseen that these resources would be diminished, by the constant fall in the prices of coal, and by the great reduction in the profits of a business suffering, in common with all other employments of capital and labour, from the general revulsion and collapse; the prostrate credit of the company, and the pressure of the times forbade all hope of external aid. Still, in this season of extreme embarrassment, in the midst of complicated difficulties, the result of the year's operations has proved that, in their inexhaustible mines of coal, the Company possessed a sure reliance in their hour of need. Upon this *bank* of mineral wealth the Managers have drawn, for the means of bringing the coal itself to market, and of nearly accomplishing the important objects above mentioned.

Upwards of one hundred and sixty-four thousand tons of coal were taken from the Company's mines in the

past year, of which one hundred and fifty-three thousand tons, including a small quantity of old stock, have been sold; of \$58,700 due in the course of the year, on judgments obtained against the Company before the execution of the general mortgage, \$29,400 have been paid, with interest and costs; and the upper section of the Lehigh, greatly strengthened and improved, is again navigable from White Haven to Mauch Chunk.

The report of the Engineer shows the present situation of the works, the cost of the repairs which have been effected, and gives an estimate of what yet remains to be done.

The repairs of the upper section of the Navigation would have been finished in season to bring to market the lumber from the head of the Lehigh, if a continual high state of water, prevailing from the time at which the contracts for the repairs were made, till near the period of their anticipated completion, had not so much retarded the commencement of the work on two of the locks, as to disappoint this expectation of the Managers. The same cause has added greatly to the *cost* of the repairs, and has diminished, by 30,000 tons, the quantity of coal expected to be obtained from the Company's Room Run Mines; the landing with which they connect being situated above one of these locks.*

Before the river was closed by ice, an arrangement had been made for trans-shipping lumber over the Stony Creek dam, the lock at which being unfinished,

* These mines have been leased on terms advantageous to the Company, stipulating that their annual product shall be at least 40,000 tons.

was the last obstacle existing at that time to a continuous navigation; and in this way, more than 2,000,000 feet of lumber was sent forward, part of it from White Haven, at the head of slack-water navigation.

The result of the season's operations in coal on the Lehigh Canal is as follows:—

	Tons.
Shipped at Mauch Chunk, from the Mines of the Lehigh Coal and Navigation Company,	163,762
Do. By the Beaver Meadow Company,	45,423
Do. do. Hazleton	31,082
Do. do. Sugar Loaf	31,934
Other Coal,	352
Making together,	<hr/> 272,553

Though the difficulties of the times, besides limiting the profits on the sales of coal by this Company, have thus curtailed the quantity expected to be sent to market by the other companies, it is yet gratifying to state, that the aggregate shipments of coal by the Canal in the season of 1842, as shown above, exceeds by 46,616 tons, the quantity sent from the Lehigh region in any previous year.

The general prostration has also been felt in the iron business. The Managers have, however, recently let to a gentleman from Boston, a water power of 800 inches, near South Easton, for a furnace for smelting iron, preparations for the erection of which have been commenced. This furnace, and the two at the Crane works, near Allentown, when in full operation, will together consume, annually, about 20,000 tons of coal, which must necessarily be drawn from the Lehigh mines. The value of anthracite coal in the manufacture of iron having now been tested by the experience of this country and

of England, the remarkable advantages possessed by the Lehigh for the location of such works, will, it is hoped, attract thither other similar establishments, and become in future years an abundant source of revenue to the Company.

The following is a list of the freight transported on the Lehigh Navigation during the past season, the tolls on which amounted to \$157,844,92.

	ASCENDING. Tons. Cwt.	DESCENDING. Tons. Cwt.	TOTAL. Tons. Cwt.
Coal,	7 00	272,546 06	272,553 06
Grain,	917 17	1,394 10	2,312 07
Flour,	629 13	2,891 13	3,521 06
Salt,	725 16	5 08	731 04
Salt Fish, Beef and Pork,	344 01	1 16	345 17
Other Provisions,	267 17	2 08	270 05
Whiskey,	13 18	2 00	15 18
Hay and Straw,	336 03		336 03
Lumber,	984 13	7,704 06	8,688 19
Cord Wood,	82 05	1,337 10	1,419 15
Bricks,	515 06		515 06
Lime and Limestone,	5,196 13	937 02	6,133 15
Other Stone, Sand and Plaster,	901 16	554 00	1,455 16
Iron,	444 07	3,505 10	3,949 17
Iron Ore,	4,562 02	279 00	4,841 02
Pitch, Tar, Rosin, &c.,	11 13	1 00	12 13
Merchandise,	2,107 10	315 06	2,422 16
Cement,	17 16		17 16
Slate,	50 15	54 10	105 05
	18,117 01	291,532 05	309,649 06

Of the foregoing, the following freight was transported on the Upper Section.

	ASCENDING. Tons. Cwt.	DESCENDING. Tons. Cwt.	TOTAL. Tons. Cwt.
Grain,	08		08
Flour,	3 01		3 01
Salt,	6 13		6 13
Salt Fish, Beef and Pork,	8 00		8 00
Hay and Straw,	4 00		4 00
Lumber,	4 08	3,958 06	3,962 14
Merchandise,	23 01		23 01
	49 11	3,958 6	4,007 17

Of the 272,553 tons of coal sent by the Lehigh Canal in the last year, about 40,000 tons found a market on the line of the Lehigh and Delaware Canals, 20,608 tons entered the Morris Canal, and 211,817 tons passed through the Delaware division of the Pennsylvania Canal. Of the latter quantity 43,640 tons were forwarded by the Delaware and Raritan Canal to New York, and 117,397 tons shipped coastwise from Bristol; the balance of 50,780 tons, proceeding to Philadelphia, and its vicinity, for the supply of the local consumption.

In the circumstances of the Company, it was as impracticable as it would have been useless, to do anything towards the completion of the White Haven and Wilksbarre Railroad, beyond driving forward the tunnel, at which, from the nature of the work, but few men can be employed at a time, and to finish which at least a year more will be necessary. In the mean time it is proposed to lay down the remainder of the rails early in the spring, and to open the entire road for use by horse power, until the completion of the tunnel shall render it advisable to put the steam engines, now at the inclined planes, in operation. The Managers have remarked with satisfaction, that generally the position of the rails, laid throughout on dry stone walls, has not been affected by frost. In some of the embankments, where they had been placed before the banks had fully settled, a re-adjustment will be necessary. The inquiries frequently made relative to the time at which the road will be completed, lead the Managers to hope that it will prove a productive feeder to the Navigation.

Of the Morris Canal, little is known to your Managers. Their hopes that this important avenue would, by its farther improvement, be rendered profitable to its owners, and valuable to the public for the transit of the Lehigh trade with New York, have hitherto been disappointed. The Canal has been in use only a small portion of the past season by boats of twenty-five tons burden, and 20,608 tons of coal have passed into it from various mines on the Lehigh. The Board has heretofore expressed the opinion, and will not yet relinquish the hope, that those interested in the work will find it to their advantage to complete the enlargement of the canal, so as to render it navigable by Lehigh boats.

When the present situation of the Lehigh Coal and Navigation Company is compared with that in which it was placed just two years ago, by a destructive flood; and the unparalleled difficulties of the times are recalled to mind, the Managers trust that the Stockholders will be satisfied with what has been done. At the period first mentioned, the works were in ruins, the Company looked upon as prostrate beyond the hope of recovery. The navigation is now in a better condition, the works much stronger than before the accident. The dams have been extended to the high shore, the overfalls lengthened, and the guard banks raised some feet above the unprecedented freshet of 1841. These repairs have been effected at a cost of more than 600,000 dollars, to a great extent from the resources furnished by the property of the Company,

which has thus proved its ability to raise itself, Phœnix-like, from its own ruins; justifying the hope that by continued persevering energy, the Company will again be restored to its former place in the confidence of the community. The first object, as the first duty of the Managers, that to which all others are subordinate, is to satisfy the demands of the creditors with the least possible delay. When this consummation shall finally be reached, the Stockholders will be rewarded for their patience, by receiving, unincumbered, a property greatly enhanced in value by its progressive increase and improvement in the interval.

By order of the Board of Managers,

JOHN COX, *President.*

Philadelphia, January 9, 1843.

Stockholders who may wish to examine the detailed statements which accompanied the foregoing Report, and which were read at the Annual Meeting, are informed that they are open to their inspection at the office of the Company.

APPENDIX.

Engineer Department of the Lehigh Coal and Nav. Co.,
January 1, 1843.

JOHN COX, Esq.

President of the Lehigh Coal and Navigation Company:—

Sir; In my last annual report I stated, "if the winter should prove favourable, so as to admit of the foundations for the locks being put in before spring, the works upon the upper section would be ready for use in July." Occurrences beyond our control prevented such a desirable result; the unusually mild winter, and consequently continuous high water, rendered it impracticable to complete any of those foundations which were unfinished at the close of the season, until late in April, and then some of them had to be laid in water from twelve to eighteen inches in depth. Very great and almost insurmountable difficulties were encountered in getting in the foundations of Locks No. 1 and 16, particularly the former. A coffer dam was constructed around its site, with a view of keeping out the water with pumps: but it was soon found that the bottom was composed of very coarse materials, which admitted the water to pass through so freely, that we could not keep it out with any power we had at our

command. Our next resort was to cut a sluice through the Mauch Chunk dam, in hopes that it would enable us to drain the water off; but the constant high water through the winter, and the necessity of closing the sluice in order to feed the lower section, prevented our being successful, and compelled us to resort to the expedient of taking out the excavation with hoes and rakes, in water from four to six feet in depth; which was a very tedious and expensive operation: and it was not until the latter part of June that the pit was ready for the foundation timbers of the lock. These timbers were put together afloat in the pool below the site, and the sides built five feet high with square timber, and then floated over the bed, when the sides were filled with concrete, and the whole sunk to its place; this was done with such accuracy, that there was not more than an inch variation in the whole foundation. From this time the work progressed rapidly, and on the 20th of September, it was so far completed as to admit of the passage of boats.

Lock No. 16, (better known as Stony Creek lock.) One side of this lock was entirely taken out, and the end of the dam next to the lock undermined and a good deal injured, and the gravel and filling mostly taken out and deposited in the bed of the river immediately below the lock, through which a channel from four to eight feet deep, and about four hundred feet long, had to be excavated before the lock could be drained. Every opportunity was improved, and a considerable expense incurred to get it out during the winter, but the frequent freshets rendered all our exertions of but little use; and it was not until the middle of July, that the lock could be drained, and then, only partially. On removing the rubbish from the old foundations, it was discovered that the greater part of the old foundation timbers were broken off, and the remaining wall undermined to such an

extent, as to make it extremely doubtful whether it could be secured so as to make it safe. In order to place the matter beyond a doubt, it was deemed advisable to change the location, and construct an entirely new lock on a solid foundation immediately below the old site, and connect the head of the lock with the dam, by a side dam or crib, which is one hundred and seventeen feet in length, and is so arranged that whenever the river shall be above boating height, the water will pass over it. This is equal to an extension of the dam sixty feet, or will give an increased width of water-way to that extent; which is a matter of some importance at this place, where the river is a good deal contracted, and the dam quite short. Notwithstanding this plan has cost much more than the original plan would, if the foundation had proved sound, it is believed that the increased security of the work will fully compensate for the increased expense. So soon as the foundation was laid, a large force was employed, and the work driven as fast as practicable until the 25th of October, when there occurred a freshet which broke through the coffer dam across the sluice in the main dam, and did considerable damage to the side dam, which was in an unfinished state, and carried out some of the filling, and the greater part of the gravel which had been filled into the space between the lock and dam, and lodged a large quantity of flood trash and saw logs above the lock, and upon the crib, which required several days to remove. That which made this occurrence the more aggravating was, it took place at a time when the work had advanced so near completion that we were flattering ourselves that within ten days or two weeks we should be enabled to pass boats; all the other works along the line being ready for use. It being very doubtful whether the damage could be repaired, and the work put in a condition to pass boats before the navigation would close, the lum-

ber men were advised to construct a "run-way" around the lock and trans-ship their lumber, which was done, and more than two millions of feet passed before the navigation closed. The lock is now finished with the exception of some embankment and slope wall on the outside or river side of the lock. There remains to be done at the dam about six thousand cubic yards of graveling, a guard crib, above the dam and upon the side crib, and an ice breaker at the head of the lock; all of which will be finished in the month of March next. There also remains to be done at the dams No. 5 and 8, some graveling and embankment, which will be done, in all this month. The remainder of the works of the upper section are all finished and in good order, excepting some trifling repairs at a few of the old locks, which will be done during the winter.

In the month of August last the repairs of lock and dam No. 2, on the *descending* navigation between Stoddartsville and Wright's Creek, were put under contract, to be completed the 1st of October, but the contractors found it difficult under existing circumstances to organize a sufficient force to accomplish it within the time stipulated. The timber work is now all finished except the ice breakers, which are now being done. The guard bank, from the lock to the high ground is about half done. The whole will be completed and ready for use by the time the navigation shall be open in the spring, so that the lumber men above that point can avail themselves of the high water in the spring to run their lumber to market.

The feeder sluices into the basin at White Haven having become so much decayed that they were considered insecure, it was decided to construct a double set of guard gates across the race, arranged in such a manner as to answer the double purpose of feeder gates and guard lock. This work has been put under contract;

and is now being constructed, and will be completed early in the spring.

The whole amount paid upon the finished part of the repairs of the upper section is \$302,788.95, upon the unfinished \$65,711, remaining to be paid \$16,374. This includes the descending navigation and \$1500 for general repairs. The guard lock at White Haven is estimated to cost \$2,500.

It will be seen that the work has cost much more than the estimate of damages done by the freshet. It will be recollect that that estimate was of the damages actually done, or in other words, to put the work in the same condition it was before the freshet. The excess has been in a great measure produced from the following causes: 1st. The raising all the guards to the locks, from five to seven feet higher than they were originally; 2d. The raising the guard and canal banks from four to eight feet higher and protecting them with slope walls, wherever they are exposed to the river; 3d. The raising of lock No. 2, three feet, and consequently making it necessary to raise section No. 1, the same height for about three-fourths of a mile in length; and the raising locks No. 10 and 15, one foot each. All these locks were raised in order to expedite the getting in the foundations of the locks; 4th. Lengthening out the dams, in the aggregate, more than eleven hundred feet, if we include the side dams at locks No. 1 and 16; 5th. The difficulty of getting in the foundations of the locks, particularly locks No. 1 and 16, and the latter having to be built entirely new, instead of one side, as first contemplated; 6th. The more perfect and durable manner in which the work has been constructed, especially that part between Mauch Chunk and Penn Haven, the new locks of which are now laid in cement, and the old locks grouted.

Taking all these matters into consideration, it will be

found that the estimate was essentially correct. I will here remark, that I could have repaired the work at much less cost, but it would have been much less permanent, and the economy of such a course might well be questioned.

LEHIGH AND SUSQUEHANNA RAIL-ROAD.—During the past year the superstructure has been laid throughout section No. 6, and the deep rock cutting near the head of plane No. 1, leaving about one mile of double track, and a mile and a half of single track yet to be laid, exclusive of the tunnel and turn-outs, all the sills and part of the rails for which are on the ground: the remainder are ready to be delivered, so soon as the navigation shall open in the spring. Section No. 9, which embraces the south approach to the tunnel, has also been completed. The tunnel has been driven the full size, a distance of ninety-four feet; a heading eight feet high and twenty-four feet wide, (being the full width of the tunnel,) has been driven through rock fourteen hundred and ninety-nine feet, which will not require arching; and a drift six feet square has been driven through the remaining one hundred and fifty feet, passing through disintegrated sand stone and *hard pan*, which will require arching. About eleven hundred feet from the south end, a seam of disintegrated sand stone about six feet thick, was met with, which will have to be taken out about one hundred feet in length; above this there appears to be a solid layer of sand stone, which, I believe will stand without arching. There is now employed a force equal to one hundred men, and if it should be desired, the work can be completed, and ready for use by the time the navigation shall open in the spring of 1844.

Nothing has been done at the inclined planes the past year, except to oil the bands and take care of the machinery. The straps for planes No. 1 and No. 2 remain to be riveted together, and put on the drums; and also a

part of the rollers to be made and hung for each of those planes.

No arrangement has been made for a depot at Wilksbarre, except an agreement for the land.

As it will require some time to rivet the bands together, make and hang the rollers, and set the engines in operation, I would respectfully suggest that a single track be laid upon the unfinished part early in the spring, so as to make a continuous track from White Haven to the north branch canal, to be used with horse power. This is recommended in order to be ready for the passage of the merchandise which may be taken into the northern counties. The rolling mill at South Wilksbarre has recently been put into operation, and I have been informed that it is the intention of the proprietors to manufacture and send to market at least five thousand tons of iron, next season, and if the rail-road should be ready for use, I have no doubt that the largest portion will pass by this route.

There has been expended upon the rail-road during the past year \$50,981.13.

The whole amount paid on the tunnel is \$42,410.

For the entire completion of the rail-road there will be required as follows:—

For the Tunnel,	- - - - -	\$84,090
" Superstructure,	- - - - -	1,750
" Inclined planes,	- - - - -	5,000
" Depot at Wilksbarre, including the road to Woodville or South Wilksbarre,	- - - - -	15,000
" Side road and turn-outs,	- - - - -	2,000
" Side road and fixtures into the basin at White Haven,	-	3,500
		111,340

All of which is respectfully submitted,

E. A. DOUGLAS,

Engineer.

CIRCULAR TO THE LOANHOLDERS.

OFFICE OF THE LEHIGH COAL AND NAVIGATION COMPANY.

MARCH 28, 1842.

Owing to the unexampled difficulty and pressure of the times, the Board of Managers finding themselves unable to borrow the money necessary to complete the repair of the works and satisfy the pressing demands upon them, were urged, by a sense of imperative duty to the Loanholders and Stockholders, to apply to the Legislature for an act, to authorize them to place under trust by mortgage, for the security of *all their Loanholders and other creditors*, the whole property of the Company, as the only course left to them, by which they could preserve, for the benefit of all parties interested therein, the value of the great work intrusted to their care.

Under the authority vested in them, and with the advice and direction of eminent counsel, the Board of Managers have executed a conveyance of all their property and estates, real and personal, whatsoever and wheresoever, including their corporate privileges and

rights, to Josiah White, Caleb Cope and James Cox, in trust for the purposes declared in the said act, subject to the conditions of two mortgages previously made.

By the terms of this Instrument, as executed on the 7th day of March, 1842, it is expressly declared and agreed by and between the parties to the mortgage that, "it shall be lawful for the said the Lehigh Coal and Navigation Company, notwithstanding this Indenture, "to continue in the possession and management of the property hereby mortgaged, as well personal as real, "without prejudice to the security of this Mortgage; and "to pay and apply the gross effects and monies thence arising, or to arise, or any part thereof, as they shall see fit, to the Interest that shall fall due upon the Mortgages aforesaid, and to the payment of any taxes, assessments, "incumbrances, charges or liens upon or against the "said premises, or any part thereof, or of the proceeds "thereof, or against the said Company, and to the payment of any demands arising from contracts for the purchase of materials or workmanship in the construction, repairs or prosecution of their said works, or for "money borrowed and applied towards the completion "or repairs of the same, and not evidenced by certificates "of Loan or Debt bearing interest; and they shall be "authorized in like manner to apply any portion or the "whole of the said further sum of six hundred thousand "dollars which they are authorized to borrow in and by "the said act of Assembly hereinbefore recited, when "and so soon as they shall have effected such LOAN; " PROVIDED that the said Company and the said Board "of Managers shall not make any dividend of profits to "the Stockholders of the said the Lehigh Coal and Navigation Company, while any Loan, which has been "made or shall be as aforesaid made to the said Company, and which shall or may have fallen due, shall "after demand remain unpaid; AND PROVIDED ALSO that "all profits arising from the business of the said Company, after defraying the expenses thereof and of the completion and repairs of their works, shall be applied

"in the first place to the payment of the interest on all
"Loans to the Company, and then to the principal of
"all Loans and other debts which for the time being
"shall be due and unpaid; AND PROVIDED further that,
"when and as often as the principal of all Loans and
"Debts then due and payable shall be fully paid and
"discharged, or reservations of money shall be made to
"meet them when demanded, then the said Board of
"Managers may at their discretion, and if they see fit,
"but not otherwise, pay and apply so much of the sur-
"plus monies on hand arising from the said profits as
"from time to time shall be necessary to make a dividend
"of the said profits among the said Stockholders, not
"exceeding six per cent. on their Capital Stock in any
"one year; and in case, after such dividend and divi-
"dends, there shall still be a surplus of monies on hand
"arising from said profits, then the said Board of Mana-
"gers shall pay and apply the remainder for the time
"being as a Sinking Fund, to be held in the names of
"such persons as the said Board of Managers shall
"name and appoint, and to be invested either in the pur-
"chase of Loans to the company not then due and pay-
"able, or in good securities bearing interest, and for the
"benefit of the said Loanholders so far as their security
"may require, and afterwards for the benefit of the
"Stockholders of the said Company."

It is thus seen that the mortgage provides that the affairs of the Company shall continue to be directed by the Board of Managers, elected by the Stockholders, who having so large a reversionary interest in the property, will be influenced by the strongest motives to see that it be turned to the best account. The ample estates of the Company, being thus kept together, connected, entire, and preserved from sacrifice, offer to the holders of their obligations all the security for their payment that can reasonably be demanded.

The great length of the mortgage, and the probability that but few persons would be at the trouble of reading it throughout, have mainly operated to prevent the printing of it entire. But all who are interested, and who may be desirous of examining it in detail, are invited to call at the Company's Office, and satisfy themselves, by an actual inspection of the instrument, of the precise character of its provisions. Lest, however, certain of the Loanholders and other creditors of the Company, from an ignorance of these provisions, might be led to bring suit against the Company, and thus inadvertently to deprive their claims of the benefit of the security intended to be conferred by that instrument, the Board of Managers are induced to publish, for the information of all whom it may concern, the following additional extract from the mortgage.

"And PROVIDED finally, that if any lender or lenders, "of money to the said "The Lehigh Coal and Naviga- "tion Company," or the holder or holders, proprietor or "proprietors of any certificate of Loans issued or to be "issued as aforesaid by the said Company, or any cre- "ditor or creditors of the same, or his or their assigns, "whose money, certificate of loan or debt is intended to "be hereby secured, shall, before the said seventh day "of March Anno Domini one thousand eight hundred "and seventy, institute or commence any suit or legal "proceeding at Law or in equity whatsoever against the "said "The Lehigh Coal and Navigation Company," "their lands, goods, chattels, effects, tolls, profits or fran- "chises, for the recovery of any sum or sums of money, "loans or debts hereby intended to be secured or any "part thereof, whether principal or interest, or both, or "for the sequestration of any of their rents, tolls, in- "comes or profits, then and in that case the said person "or persons so instituting and commencing such suit or

"proceeding, shall instantly thereupon cease to have or
"be entitled to any security or benefit whatever under
"or by virtue of this Indenture, and all and every the
"sum and sums of money, loans and debts due and ap-
"pertaining to such person and persons, and intended to
"be hereby secured, with the interest thereon, shall in-
"stantly thereupon cease to be included therein and
"thereby, as if the said sum and sums of money, loans
"and debts had been expressly excluded therefrom."

By order of the Board of Managers.

J. COX, PRESIDENT.

A FURTHER SUPPLEMENT

*To an act, entitled, "An act to incorporate the Lehigh Coal
and Navigation Company."*

SECTION 1. Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania, in General Assembly met, and it is hereby enacted by the authority of the same, That it shall be lawful for the Board of Managers of the Lehigh Coal and Navigation Company, in addition to the amount they now owe, to borrow from time to time, any sum, or sums, of money, not in the whole exceeding six hundred thousand dollars, to enable them to complete and repair their works and to carry on their business; and to secure the payment of the Certificates to be given therefor and all other claims against the said Company, to execute a mortgage or mortgages on their navigation, rail road and all other property, and on the tolls, rents, issues and profits accruing therefrom, or on any portion or portions thereof, and that in case of a sale under the said mortgage or mortgages, the purchasers shall have and enjoy the same corporate privileges and the same

rights in the mortgaged portion or portions of the said Navigation and Rail Road, and in the collection of tolls, as the said Lehigh Coal and Navigation Company now have; and shall be authorized to organize and continue the Corporation, by the division of their capital into shares, and by the election of Managers and officers in like manner. And if the mortgage or mortgages shall so stipulate, the said Lehigh Coal and Navigation Company may continue in the possession and management of the mortgaged property, as well personal as real, without prejudice to the security of the mortgage thereon. Provided, that no dividends of profits shall be made to the Stockholders of the Lehigh Coal and Navigation Company, while any loan which may have fallen due shall after demand remain unpaid. And Provided also, That all profits arising from the business of the said Company, after defraying the expenses thereof, and of the completion and repairs of their works, shall be applied, in the first place, to the payment of the interest on all loans of the Company, and then to the payment of the principal of all loans and other debts which for the time being shall be due and unpaid.

SECTION 2. All mortgages executed and acknowledged under the provisions of this act shall be recorded in the Recorder's Office of the County of Lehigh within thirty days after such acknowledgment, and such recording shall be as good and effectual in law, to all intents and purposes as if the same had been recorded in all the counties in which the said mortgaged property may be situated or be; and all legal proceedings had upon said mortgage shall be instituted in the Court of Common Pleas of Lehigh County, whose judgment and final process shall be as effectual as if all the property was situated in said County; and no proceeding shall be had on any such mortgage until the expiration of ten years from the date thereof, and in all cases of sale on any such mortgage, the proceeds thereof shall be applied

pro rata to the payment of all debts of said Company of every description whatsoever.

JAMES ROSS SNOWDEN,

Speaker of House of Representatives.

JOHN STROHM,

Speaker of the Senate.

Approved the Sixteenth day of February, 1842.

D. R. PORTER.

The following letter, privately addressed by Horace Binney, Esq., to Mr. Henry Cope, is appended by permission of the writer.

PHILADELPHIA, MARCH 16, 1842.

DEAR SIR:—

You have requested me to express to you in a letter, the sentiments I have declared in our conversations, upon the subject of the mortgage, lately executed by the Lehigh Coal and Navigation Company, by authority of the Legislature; and I cheerfully comply with your request.

Situated as that corporation was, with a large mass of debt, part of it demandable at present and part not falling due for several years,—an impaired credit, in common with most of our corporations, making a renewal of the demandable debt impracticable, and an estate and franchises of great value, if prosecuted to completion, and used and directed by the Corporation, but comparatively of little, if exposed to execution and sale,—I did not hesitate to say to you as a friend, that I regarded

both the Act of the Legislature, and the mortgage under its authority, as in present circumstances the most expedient course for all concerned, and particularly the most just and equitable course towards all the creditors of every date.

If I know the concerns of the Company, and the interest of its creditors, I should as a Manager have thought myself called upon by my trust to ask for the passage of the Law, and should have executed the mortgage, as a conscientious duty towards the creditors, without looking at the interest of the Stockholders; while at the same time I should have thought that the interest of the Stockholders was promoted, and my duty to them performed, by the same measures.

The effects of the mortgage may be stated generally as follows:—1st. To prevent a few creditors whose debts are due, or may shortly become due, from exposing to sacrifice an immense property, and the interests of an immense mass of creditors, by judgments and executions. 2d. To secure the completion of the works, and to prosecute them by the Managers and Officers of the Corporation, so long as they shall prosecute them with fidelity to the creditors. 3d. To apply the income to pay all the interest on all the debts, and afterwards the principal of all the debts that shall at any time be due. And 4th. When all the interest on all the debts is paid, and the principal of all the debts that are and may fall due, then from time to time to make from the same nett income, a dividend among the Stockholders not greater than six per cent. in any one year.

Now if we assume that which I suppose is matter of moral certainty—that from the state of the times, and

especially from the severe disaster by the Ice fresh of 1841, which after the completion of the works, broke up a most important section of them, and greatly injured the whole,—it is impossible for the company to discharge its loans as they fall due,—that by a race between the creditors to see who first might get satisfaction out of the property, few would gain their object, and the great mass of creditors would be deprived of the hope of payment—and lastly, that a great public work, would by these means be extinguished, together with an immense capital contributed to it by both Stockholders and creditors;—Considering these results as morally certain, I think it cannot be doubted, that the plainly honest and the clearly wise course was to do what the Managers have done. You regret, no doubt, as every one must, that those who have lent their money to the Company cannot get it principal and interest, on the very day and time that was stipulated—a disappointment attributable more to the elements, than to any want of care or foresight in the Managers, and more perhaps to the unexampled downfall of credit in the last two years, than even to the elements. But if this punctual payment is not possible, what is demanded by conscience, by the great equity of all the creditors, and after them of all the Stockholders, but to have the whole estate pledged and managed in the first instance for all the creditors, and afterwards for those who will be the equitable as well as lawful owners of the estate, when its debts are discharged? And this the mortgage secures. Would the creditors have obtained, or would they have had a chance of obtaining their principal and interest in any other way? Possibly a few might have done it at an

earlier day, by process of sale or sequestration; but the great mass would by the very same means have been postponed, or their interest destroyed. It was the duty of the Managers, I think, to look to all the interests of all the parties,—first of Loanholders or creditors—and then of Stockholders: and this they have done—preferring the interest of the creditors to that of the Stockholders, even to a greater degree than the Act made necessary. I am satisfied that the proceeding has been right.

These are the sentiments I have expressed to you, and I entertain and now repeat them with perfect sincerity.

I remain, my dear sir,

Your friend and servant,

HOR: BINNEY.

MR. HENRY COPE.